Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 ROME 04947 041926Z

21
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C O N F I D E N T I A L ROME 4947

LIMDIS

E.O 11652: GDS
TAGS: EEWT, TECH
SUBJECT: IMPACT OF TECHNOLOGY EXPORTS TO COMMUNIST COUNTRIES

REF: A) STATE 64767
B) ROME 6100, MAY 3, 1974

1. SUMMARY: THE GOI PURSUES A POLICY OF EXPANDING TRADE WITH THE COMMUNIST COUNTRIES PRIMARILY THROUGH THE SALE OF ITALIAN TECHNOLOGICAL MATERIAL. VARIOUS MINISTRIES PARTICIPATE IN PROMOTING THESE EXPORTS AND THERE IS AN INTERMINISTERIAL COMMITTEE WHICH COORDINATES GOI SALES PROMOTIN STRATEGY. EXCEPT FOR ITEMS ON THE COCOM EMBARGO LIST THE COMMITTEE DOES NOT "SCREEN" PROPOSED EXPORTS. THE ACTUAL SALES PROMOTION IS CARRIED OUT IN JOINT WORKING GROUPS OF ITALIAN BUSINESSMEN AND COMMUNIST COUNTRY TRADE OFFICIALS PURSUANT TO EXISTING INTERNATIONAL ACCORDS AND WITH SUPPORT FROM THE VARIOUS MINISTRIES REPRESENTED ON THE INTERMINISTERIAL COMMITTEE. THE PROMOTION EFFORT FOR SPECIFIC SALES IS DECIDED A GREAT DEAL FROM STANDPOINT OF LONG RANGE POSITIVE EFFECTS ON TRADE. THERE IS NO EFFORT TO LINK TECHNOLOGY EXPORTS TO POLITICAL OR MILITARY OBJECTIVES. ITALIAN POLICY OF AGRESSIVE TRADE EXPANSION ON THE BASIS OF TECHNOLOGY EXPORTS TO COMMUNIST COUNTRIES NOT
CONFIDENTIAL

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PAGE 02 ROME 04947 041926Z

LIKELY TO CHANGE. END SUMMARY.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

2. OUR CONCLUSIONS, WHICH FOLLOW, ARE BASED ON EDO'S
TWO YEARS EXPERIENCE IN DEALING WITH MINISTRY OF FOREIGN
AFFAIRS (MFA), MINISTRY OF FOREIGN TRADE (MFT) AND
MINISTRY OF INDUSTRY (MOI) OFFICIALS REGARDING STRATEGIC
TRADE CONTROL AND COCOM MATTERS.

3. ASIDE FROM REGULAR STRATEGIC EXPORT LICENSING PRO-
CEDURES GOI FOLLOWS AND RECORDS ITALIAN TECHNOLOGY EX-
PORTS TO COMMUNIST COUNTRIES THROUGH A MIDDLE LEVEL INTER-
MINISTERIAL COMMITTEE. COMMITTEE ALSO SCREENS ALL POTEN-
TAIL ITALIAN COCOM EXPCEPTION REQUESTS BEFORE ACTURAL SUB-
MISSION TO COCOM. MFA OFFICIAL WHO HAS CHARIED COMMITTEE
FOR PAST 18 MONTHS TOLD EDO THAT COMMITTEE'S EXISTENCE
IS CONSIDERED CLASSIFIED BY GOI DUE TO POSSIBLE NEGATIVE
PUBLIC REACTION WERE GOI'S ACQUIESCENCE TO COCOM EXCEPTION
PROCEDUERE KNOWN.

4. AS FAR AS EMBARGOED ITEMS ARE CONCERNED, FORMER MFT
REP ON COMMITTEE HAS TOLD EDO THAT COMMITTEE CONSIDERS
POTENTIAL EXPORTS OF TECHNOLOGICAL ITESM IN LIGHT OF
THEIR TECHNICAL SPECIFICATIONS AND THE INTERNATIONAL
EMBARGO LIST. IF POTENTIAL EXPORT DEEMED IMPORTANT
ENOUGH COMMERCIALLY COMMITTEE THEN CONSIDERS EXCEPTION
REQUEST.

5. TECHNOLOGY EXPORTS PROPOSALS ARE MOST DEFINITELY
JUDGED BY COMMITTEE FROM STANDPOINT OF POSITIVE LONG RANGE
TRADE EFFECT. OVER PAST 15 YEARS ITALY HAS CONSIDERED
ITSELF A PIONEER IN BREAKING INTO COMMUNIST COUNTRY MARKETS
AND SOME OF ITS STRONGER EFFORTS IN SEEKING COCOM EXCEPTIONS
HAVE BEEN IN CASES WHERE ACTUAL SALE WAS RELATIVELY SMALL
BUT ANTICIPATED EFFECTS ON FUTURE TRADE CONSIDERED GREAT. FROM
CONVERSATIONS WITH CURRENT MFT REP ON COMMITTEE AS WELL AS WITH
FORMER MOI REP, WE GATHER THAT COMMITTEE DOES GIVE SOME
CONSIDERATION TO HOW CERTAIN TECHNOLOGICAL SALES COULD UPGRADE
PRODUCTION AND YIELD FUTURE RELATED BUSINESS. ON THE OTHER
HAND IT DOES NOT SEEM THAT THE COMMITTEE DWELLS ON POSSIBLE
LONG TERM NEGATIVE EFFECTS ON TRADE, E.G., WHETHER THE
CUSTOMER COULD, BY VIRTUE OF TECHNOLOGICAL UPGRADING, TURN INTO
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PAGE 03 ROME 04947 041926Z

A COMPETITOR.

6. FORGOING SHOULD NOT BE INTERPRETED THAT COMMITTEE
HAS ANY CONTROL OVER, OR IS RESPONSIBLE FOR, ANY PROGRAM
OF TECHNOLOGICAL SALES TO THEEAST EXCEPT THOSE WHICH IN-
VOLVE COCOM EXCEPTION REQUESTS. MOST OF ITALY'S TECH-
NOLOGICAL SALES TO THE COMMUNIST BLOC ARE NON-EMBARGOED
(E.G., MANUFACTURING PLANTS FOR CARS, TEXTILES, CHEMICALS)

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AND THESE ARE NEGOTIATED WITHIN JOINT WORKING GROUPS OF ITALIAN BUSINESS AND COMMUNIST COUNTRY TRADE OFFICIALS PURSUNAT TO THE VARIOUS FRAMEWORK AGREEMENTS ON ECONOMIC COOPERATION BETWEEN ITALY AND EACH OF THESE COUNTRIES (REF B). THE INTERMINISTERIAL COMMITTEE MEMBERS, IN THEIR INDIVIDUAL MINISTRY RESPONSIBILITIES, ARE HEAVILY INVOLVED IN THESE WORKING GROUPS IN TRYING TO PROMOTE ITALIAN TECHNOLOGICAL SALES, AND THEIR STRATEGY IS DISCUSSED AT COMMITTEE MEETINGS. HOWEVER IT CANNOT BE SAID THAT THE COMMITTEE "SCREENS" ANY SALES EXCEPT THOSE ONT THE COCOM LISTS. THE INCREASE OF TECHNOLOGICAL SALES, PARTICULARLY WITH USSR, IS DEEMED MOST IMPORTANT TO ITALY IN VIEW OF ITS CHRONIC TRADE DEFICIT WITH THE EASTERN BLOC.

7. UNDER THE ABOVE CIRCUMSTANCES THERE HAS BEEN NO EVIDENCE THAT THE GOI IN ANY WAY CONSIDERS IT FEASIBLE TO LINK TECHNOLOGY EXPORTS TO THE COMMUNIST COUNTRIES TO POLITICAL OR MILITARY OJBECTIVES. THE ECONOMIC OBJECTIVES ARE THE OBVIOUS ONES OF INCREASING TRADE AND FINDING, IN RETURN FOR TECHNOLOGICAL EXPORTS, SUPPLIES OF GOODS WHICH ITALY NEEDS.

8. FROM PUBLIC AS WELL AS PRIVATE PRONOUNCEMENTS OF GOI OFFICIALS, IT DOES NOT SEEM LIKELY THAT ITALIAN ATTITUDES TOWARDS TECHNOLOGICAL EXPORTS WILL CHANGE. ITALY IS COMMITTED TO A POLICY OF INCREASING ITS TRADE WITH THE STATE-TRADING MARKET BY MEANS OF VIGOROUS PROMOTION OF TECHNOLOTY EXPORTS. IT IS DOUBTFUL, GIVEN THE STATE OF ITALY'S ECONOMY, THE GOI WOULD WEAKEN THIS EFFORT BY USING ADVANCED TECHNOLOGY AS LEVERAGE IN OTHER AREAS OR WORRY EXCESSIVELY ABOUT POSSIBLE LONG RANGE NEGATIVE RESULTS.
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